

July 17, 2023

Dr. Victoria Saporta
Chair, Executive Committee
Mr. Jonathan Dixon
Secretary General
International Association of Insurance Supervisors (IAIS)
Bank for International Settlements
CH-4002 Basel
Switzerland



Re: Draft IAIS Stakeholder Engagement and Consultation Policy

Dear Dr. Saporta and Mr. Dixon:

The Institute of International Finance (IIF) and its insurance members welcome the opportunity to comment on the Draft IAIS Stakeholder Engagement and Consultation Policy (Draft Engagement Policy). The IIF appreciates the IAIS's commitment to stakeholder engagement as an integral part of its standard setting activities. We encourage the IAIS and its members to continue to engage with a diverse range of stakeholders in order to benefit from the experiences and perspectives of the broader insurance community, including market participants, consumers and end-users, and advisors and academics. Stakeholder engagement is critical when addressing complex issues such as climate-related risk, digital innovation, operational resilience, and cyber risk, as industry representatives, industry and insurance consumer/end-user advocates and academics bring new and diverse experiences and perspectives to these discussions, which can then inform the development and refinement of guidance, best practices and toolkits, and enhance IAIS supervisory capacity building. We agree with the four principles that guide the IAIS's stakeholder engagement: diversity, equity, and inclusion; transparency; equal access; and the avoidance of conflicts (see consultation question 1).

We encourage the IAIS to continue its efforts to expand its cooperation and collaboration with other international organizations and competent authorities, such as those responsible for data policy (see Section 3 of the Draft Engagement Policy). Stakeholder engagement with these organizations and authorities is especially critical when addressing complex issues such as digital innovation, climate-related risk, and operational resilience and cyber risk. Engagement with authorities with different but related mandates can facilitate a better understanding of the actions each authority has taken or proposes to take in response to their mandates. Importantly, IAIS engagement can provide organizations and authorities with a better understanding of the unique characteristics of the insurance sector, as well as how their existing regulatory frameworks and future regulatory developments or proposals might impact the insurance industry.

As noted in Section 5 of the Draft Engagement Policy, the IAIS undertakes engagement to inform development of supervisory and supporting material. The IAIS and stakeholders alike would benefit from a greater level of engagement at an earlier stage of the development of these materials. We encourage the IAIS to amend the Draft Engagement Policy to state a clear preference for a public session prior to the commencement of discussions related to new or substantially revised supervisory or supporting material in order to gather stakeholder perspectives and input on issues relevant to the work. Stating a clear

preference for an *ex ante* public session would help to provide the IAIS with critical input before important decisions are taken and a course of action is set in motion. It would also greatly improve the transparency of the IAIS's standard setting deliberations and activities.

We would suggest the following rewording of the paragraph related to *Initial discussions* in Section 5:

Initial discussions – when initial discussions are taking place at subcommittee level about the development of new or substantially revised material, the subcommittee is strongly encouraged to hold an engagement session, including for instance through a public stakeholder engagement session, or by inviting experts, members of industry and other relevant stakeholders to provide input at a public subcommittee meeting in order to gather stakeholder perspectives on issues relevant to the work.

As part of increasing engagement and collaboration, the IAIS should consider convening stakeholder sessions ahead of and, whenever possible, in lieu of data collection exercises. Creating opportunities for dialogue before initiating data calls could help both companies and supervisors better understand the scope and intended purpose of the data being collected. Having the perspectives of industry and a two-way flow of information early in the process could help the IAIS prioritize the most relevant and decision-useful information when conducting data calls.

In response to consultation questions 2 and 4, we have some further comments on how the IAIS could implement the policy in a manner that would increase the transparency of its work. We believe that, upon the finalization of a project, the IAIS could provide substantially more insight into its reasons for not taking on board stakeholder recommendations, or for taking a different course of action than what the IAIS had proposed. Our experience to date has been that only very high-level explanations are provided to support the final decisions taken by the IAIS on a range of important and technical topics such as the Insurance Capital Standard and liquidity metrics. Providing substantive input on the comments received and as to the reasons why a recommendation was not accepted by the IAIS not only enhances transparency but creates a feedback loop that can help to improve and inform future stakeholder comments.

The public discussion session referenced in Section 6.2.2 should also explicitly include a substantive discussion of why any material comments, especially when raised by a significant number of stakeholders, were not reflected in the final product of the IAIS. In addition, with respect to Section 6.2.2, under the heading 'Subsequent public consultations as necessary,' any material changes to supervisory or supporting material that has not yet been consulted should be the subject of a second round of consultation and the Draft Engagement Policy should include a clear commitment to a subsequent consultation. Finally, the public consultation period on materials that present novel or complex issues should be *at least* 60 days. Strong consideration should be given to a longer timeframe when materials require expert input or when multiple materials are in the process of consultation at the same time.

We appreciate the opportunity to comment on the Draft Engagement Policy and look forward to further dialogue on these important issues.

Respectfully submitted,

